

## Message Text

UNCLASSIFIED

PAGE 01 ISLAMA 09620 071224Z

20

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 AGR-20 L-03 H-03 DODE-00 PA-04 USIA-15

PRS-01 TAR-02 DRC-01 /212 W  
----- 054603

R 081035Z NOV 73

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 1926

INFO AMCONSUL HONG KONG

AMCONSUL KARACHI

AMCONSUL LAHORE

AMEMBASSY MANILA

AMEMBASSY PARIS

AMCONSUL PESHAWAR

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

UNCLAS ISLAMABAD 9620

DEPT PASS TREASURY

MANILA PASS USADB

PARIS PASS OECD

E.O. 11652: N/A

TAGS: ETRD, EIND, PK

SUBJ: GOP ANNOUNCES NEW EXPORT DUTIES ON COTTON MANUFACTURES

1. IMMEDIATELY FOLLOWING EID HOLIDAYS GOP ANNOUNCED NEW  
TAXES UPON EXPORTS OF COTTON YARN, THREAD AND FINISHED  
TEXTILES. TEXES ARE EFFECTIVE IMMEDIATELY, BUT WILL NOT  
FALL UPON EXPORTS MADE AGAINST LETTERS OF CREDIT OPENED  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ISLAMA 09620 071224Z

BEFORE OCT. 30, 1973.

2. COTTON YARN EXPORTS (EXCEPT FOR HIGHER COUNT YARNS) WILL NOW BE SUBJECT TO AN AD VALOREM TAX OF 40 PER CENT. DECREE ALSO CONTAINS PROVISION THAT AD VALOREM TAX ON YARN CAN NOT EXCEED RS. 5 LB (RS. 9.9 EQUAL DOLS1) BUT THIS MAXIMUM IS LARGELY INOPERATIVE, AS EVEN AT THE CURRENT RECORD WORLD PRICES, THE AVERAGE TAX ON PAKISTANI YARN IMPORTS WILL BE ABOUT RS. 2.97/LB. HIGHER COUNT YARNS (21-24 COUNTS) ARE NOW SUBJECT TO BOTH AD VALOREM TAX AND NEW SPECIFIC EXPORT DUTY OF RS. 0.40/LB. NOT TO EXCEED TOTAL RS. 5.40/LB.

3. THREAD EXPORTS ARE ALSO SUBJECTED TO A 25 PER CENT AD VALOREM TAX.

4. ONLY TOWELING AND HOSIERY, AMONG FINISHED TEXTILES, ARE SUBJECT TO NEW TAXES. 15 PERCENT AD VALOREM TAX LEVIED ON BOTH.

5. WE ESTIMATE THE NEW TAXES WILL YIELD ABOUT 1000 MILLION RUPEES (DOLS101 MILLION) DURING REMAINDER OF 1972/73 FISCAL YEAR. IF EXPORT PRODUCTION REACHES OPTIMISTIC GOP TARGET LEVELS, TAX COLLECTIONS FROM THIS SOURCE, COULD REACH RS. 1178 MILLION (DOLS118 MILLION).

6. GOP PRESS RELEASES STRESS THAT NEW TAX HAS TWIN PURPOSE:

A) TOGETHER WINDFALL PROFITS RESULTING FROM WORLDWIDE INCREASE IN TEXTILE PRICES INTO GOVERNMENT COFFERS, AND  
B) TO ENCOURAGE MANUFACTURERS TO UNDERTAKE MORE COMPLEX PROCESSING OF FINER CLOTHS AND TEXTILES BY MAKING THESE ACTIVITIES MORE PROFITABLE AFTER TAXES THAN SIMPLER ALTERNATIVES. WE BELIEVE THAT NEW TAXES WILL DO BOTH.  
SOBER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, COTTON  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973ISLAMA09620  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** ISLAMABAD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731147/aaaabimt.tel  
**Line Count:** 94  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** willialc  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09-Aug-2001 by reddocgw>; APPROVED <22-Aug-2001 by willialc>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GOP ANNOUNCES NEW EXPORT DUTIES ON COTTON MANUFACTURES  
**TAGS:** ETRD, EIND, PK  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005